

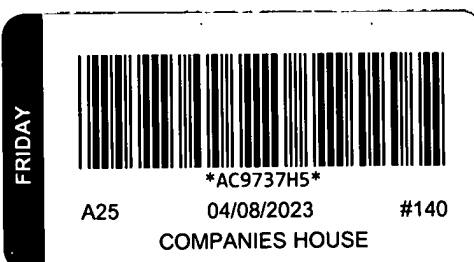
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**BROADLAND DRINKS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**



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**BROADLAND DRINKS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr J M Lansley Mr R Bell
<b>Registered number</b>	00859081
<b>Registered office</b>	Chapel Street Cawston Norwich Norfolk NR10 4BG
<b>Independent auditors</b>	Larking Gowen LLP Chartered Accountants & Statutory Auditors 1st Floor, Prospect House Rouen Road Norwich NR1 1RE
<b>Solicitors</b>	Leathes Prior 74 The Close Norwich Norfolk NR1 4DR

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**BROADLAND DRINKS LIMITED**

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## BROADLAND DRINKS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

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#### Introduction

The directors present their strategic report for the year ended 31 March 2023.

#### Business review

In the first full year following the sell-through of all post-duty point diluted stock (YE 31 March 2022), the company made a loss of £1.5m. The remedial actions taken in that year to begin the return to normal profitability levels have so far proved successful, and this has seen a reduced loss in the year of £0.7m.

Whilst losses are still not welcomed, this was a period of exceptional economic events and therefore this must be viewed firmly in that context. We fully believe that our plan remains the correct one, and that the business is firmly on the pathway to returning to profitability.

The decline in turnover in the year to £38.5m was the completion of the decision to move away from very low margin commodity imported bulk wine private-label bottling work taken in previous years. Given the inflationary environment, we believe that many of these fixed price contracts would have proved to have been loss-making at a contribution level had they have been renewed, and it was therefore judicious to exit. However, the Company has spare bottling capacity and a BRC AA+ rating, and will return to such large volume work when it is economically prudent so to do. To a lesser extent, turnover also reflected the overall performance of the UK wine sector which saw muted performance due to cost-of-living pressures.

Inflation remained the dominant theme for the year, much as it has been in the second half of the previous financial year. Like the previous year, the Company responded to this by negotiating and switching supply where possible, but so pervasive was the effect of the energy crisis that all input costs increased, be they material, services or labour. As the UK wine sector operates at low margins due to its highly competitive nature, there was little scope to absorb inflationary costs increases, and certainly not at the double-digit cost increases seen.

Having put through price increases to customers not on fixed-term contracts in January 2022, the Company however resisted further increases throughout the calendar year to try to support the customer base. An annual price increase to these customers was put through in January 2023, meeting our pledge to honour pricing for the year. Fixed term contracts with major customers were successfully renegotiated as falling due in the financial year, and all such contracts have been renewed for the current financial year.

Like many, energy costs were a particular issue for the Company, and we have responded to this by investing in solar power at our Cawston site. This was partially operational very late in the financial year, with full commissioning and go live in April 2023. Whilst financially beneficial with a short payback period at assumed energy pricing levels, this is also a key step towards our goal of removing all fossil fuels from our site by the end of 2025.

Unlike many in the sector, the Company welcomes the alcohol excise duty reforms coming into force on 1 August 2023 and supported them through the Government consultation process. We believe that the Company is well placed to benefit from the lower rates of duty that will become available to our portfolio of lower and mid-range ABV products. We envisage this space growing strongly as a result of the changes. Our NPD and production capabilities also allow us to ferment, blend and create new products at speed and scale that will augment this existing range, and we welcome the possibilities that this move from a slab duty system presents.

Given the economic challenges of the year, the Directors consider the financial performance to have been better than could have been expected and that this was a key year in our return to profitability. Challenges still remain in achieving this, but we remain convinced that our excellent staff, operational capabilities, competitively priced product range and strong balance sheet place us in an strong position for the future

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## BROADLAND DRINKS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Future developments

The business focusses primarily on its own brands of quality wines and innovative drinks, whilst also offering its customers (the on and off trade retailers in the UK and USA) their own labels and private/exclusive labels. The team are passionate about creating new brands that people love and the long-term ambition is to have 5-6 brands popular in both the UK and USA.

Financially, in the short term, the Company will face reduced profitability. Remedial actions taken have already reduced the forecast time taken to return to normal profitability levels to within 2-3 years, and the reduced loss seen in these accounts bears witness to this.

The company's gearing remains very low.

#### Principal risks and uncertainties

##### *Liquidity Risk*

The Company consolidated the strengthening of its liquidity position in recent years, driven by its profitability and the ending of PDPD, which saw all products move to being held under bond and reduced working capital requirements. Though loss-making in the previous two years, the Company has continued to minimise cash requirements, and also has significant additional headroom in credit facilities that can be called upon as required.

##### *Customer Loss Risk*

The company continues to have a diversified portfolio of customers in both the on-trade and off-trade, covering large multiple grocers to smaller regional customers. The business is therefore not unduly reliant upon any one customer or sector.

##### *Exchange Rate Fluctuations*

The Company buys and sells internationally, and monitors exchange rates closely. The Company has a policy of hedging against currency fluctuations to minimise risk relating to these transactions.

##### *Competition*

The wine and drinks markets in the UK and USA are mature and saturated. Production capacity exceeds demand in many areas. Accordingly, the Company is focussed on brand development and innovation.

##### *Obsolescence Risk*

The wine trade remains ripe for disruptive change and the Company is taking this into account in its planning and decision making.

##### *Interest Rate Risk*

Interest rate rises have increased the Company's cost of borrowing. However, the Company's relatively low gearing and borrowing levels have helped mitigate this risk.

##### *Credit Risk*

Because a portion of the Company's working capital is financed from credit, the withdrawal of credit would present a funding challenge to the Company. However, this risk is minimal as the Company fulfils its obligations to the financial institutions and continues to reduce its borrowing levels and gearing ratios year on year.

##### *Debtors Risk*

Because a portion of the Company's working capital is financed from credit, the withdrawal of credit would present a funding challenge to the Company. However, this risk is minimal as the Company fulfils its obligations to the financial institutions and seek to minimise its borrowing levels and gearing ratios.

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## BROADLAND DRINKS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### *Quality and Reputational Risk*

The Company has again been awarded Grade AA+ BRC rating and is registered for the Alcohol Wholesaler Registration Scheme ('AWRS').

#### **Key performance indicators**

The Company uses a range of performance measures to monitor business performance, both financial and non-financial. The key indicators used are turnover, gross profit, direct labour as a percentage of turnover and profit before exceptional items and tax, whilst the non-financial indicators are BRC Food Safety certification grade and RIDDOR Reportable incidents.

All performance data is reported monthly to the directors.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Turnover (£'000)	38,460	47,346
Gross Profit (£'000)	4,343	4,285
Direct Labour (%)	8.2	7.4
(Loss)/Profit Before Tax (£'000)	(720)	(1,454)
BRC Food Safety	AA+	AA+
RIDDOR Incidents	Nil	2

Gross profit is calculated as turnover less direct costs of goods sold. Direct labour is expressed as a percentage of turnover.

This report was approved by the board and signed on its behalf.



**Mr J M Lansley**  
Director

Date: 12/07/23

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## **BROADLAND DRINKS LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present their report and the financial statements for the year ended 31 March 2023.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activities**

The principal activities of the Company are the packing of imported wines and the production of various alcoholic products.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £550,687 (2022 - loss £1,211,105).

The directors paid dividends of £nil in the current year (2022 - £756,694).

#### **Directors**

The directors who served during the year were:

Mr J M Lansley  
Mr R Bell

#### **Research and development activities**

The Company has invested in improving the systems on which it operates in order to look to drive future synergies and improve its environmental impact. This includes investment into research and development areas and production processes that will further enhance the offering of the Company.

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## BROADLAND DRINKS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Qualifying third party indemnity provisions

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force at the date of approval of the financial statements. The Company also purchased and maintained throughout the financial year directors' and officers liability insurance in respect of itself and its directors.

#### Matters covered in the Strategic Report

Information on future developments, engagement with employees, suppliers, customers and other stakeholders, exposure to price risk, credit risk, liquidity risk, cash flow risk, and financial risk management objectives & policies are included within the Strategic Report.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Auditors

The auditors, Larking Gowen LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Mr J M Lansley**  
Director

Date: 12/07/23



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## **BROADLAND DRINKS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLAND DRINKS LIMITED**

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#### **Opinion**

We have audited the financial statements of Broadland Drinks Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## **BROADLAND DRINKS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLAND DRINKS LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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## BROADLAND DRINKS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLAND DRINKS LIMITED (CONTINUED)

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#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Due to the field in which the Company operates, we identified the areas most likely to have a direct material impact on the financial statements as compliance with UK tax legislation, UK accounting standards and the Companies Act 2006. In addition, we considered the provisions of other laws and regulations which whilst not having a direct impact on the financial statements, are fundamental to the Company's ability to operate including health and safety; employment law, and compliance with various other regulations relevant to the conduct of the Company's operations.

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, included the following:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations, accidents in the workplace, potential litigation or claims and fraud;
- Reviewing legal and professional fees to confirm matters where the company engaged lawyers during the year;
- Reviewing financial statement disclosures and tax matters, including alcohol duty, and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing board minutes and any relevant correspondence with external authorities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly around year end stock values;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of any significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**BROADLAND DRINKS LIMITED**

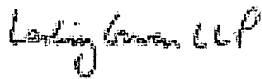
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROADLAND DRINKS LIMITED  
(CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Anders Rasmussen FCA (Senior Statutory Auditor)

for and on behalf of  
**Larking Gowen LLP**

Chartered Accountants  
Statutory Auditors

Norwich

12 July 2023

**BROADLAND DRINKS LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	38,460,305	47,345,716
Other operating income	5	-	13,642
Raw materials and consumables		(13,751,182)	(20,474,519)
Other external charges		(20,251,185)	(23,091,195)
Staff costs		(4,440,849)	(4,965,502)
Depreciation and profit or loss on disposal		(503,169)	(556,500)
Fair value movement on derivatives		(123,812)	393,338
<b>Operating loss</b>	6	<b>(609,892)</b>	<b>(1,335,020)</b>
Interest receivable and similar income	10	2,948	951
Interest payable and similar expenses	11	(113,476)	(119,511)
<b>Loss before tax</b>		<b>(720,420)</b>	<b>(1,453,580)</b>
Tax on loss	12	169,733	242,475
<b>Loss after tax</b>		<b>(550,687)</b>	<b>(1,211,105)</b>
Retained earnings at the beginning of the year		10,427,523	12,395,322
Loss for the year		(550,687)	(1,211,105)
Dividends declared and paid		-	(756,694)
<b>Retained earnings at the end of the year</b>		<b>9,876,836</b>	<b>10,427,523</b>

The notes on pages 13 to 30 form part of these financial statements.

**BROADLAND DRINKS LIMITED**  
**REGISTERED NUMBER: 00859081**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	14	2,378,802	2,531,540
Investments	15	19,386	19,386
		<u>2,398,188</u>	<u>2,550,926</u>
<b>Current assets</b>			
Stocks	16	6,552,793	5,169,946
Debtors: amounts falling due within one year	17	6,604,481	7,118,790
Cash at bank and in hand	18	69,401	107,104
		<u>13,226,675</u>	<u>12,395,840</u>
Creditors: amounts falling due within one year	19	(5,544,511)	(3,972,342)
<b>Net current assets</b>		<u>7,682,164</u>	<u>8,423,498</u>
<b>Total assets less current liabilities</b>		<u>10,080,352</u>	<u>10,974,424</u>
Creditors: amounts falling due after more than one year	20	-	(185,900)
<b>Provisions for liabilities</b>			
Deferred tax	22	(202,516)	(360,001)
		<u>(202,516)</u>	<u>(360,001)</u>
<b>Net assets</b>		<u>9,877,836</u>	<u>10,428,523</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,000	1,000
Profit and loss account	24	9,876,836	10,427,523
		<u>9,877,836</u>	<u>10,428,523</u>

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**BROADLAND DRINKS LIMITED**  
**REGISTERED NUMBER: 00859081**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 MARCH 2023**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Mr J M Lansley**  
Director

Date: 12/07/23

The notes on pages 13 to 30 form part of these financial statements.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 1. General information

Broadland Drinks Limited is a private limited liability company and incorporated in England and Wales, registration number 00859081. The registered office is Chapel Street, Cawston, Norwich, Norfolk, NR10 4BG.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company is included in the consolidated financial statements of Arrhenius Holdings Limited.

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arrhenius Holdings Limited as at 31 March 2023 and these financial statements may be obtained from Companies House at Companies House, Crown Way, Cardiff, CF14 3UZ.



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## **BROADLAND DRINKS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

The Company's business activities, together with the factors likely to affect its future performance and position are set out in the Strategic and Directors' reports.

Forecasts have also been prepared that show that the Company is able to operate within available facilities.

Based on this, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future (defined as twelve months from the date of signing these financial statements). Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **2.4 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other external charges'.

##### **2.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from product sales is recognised on despatch to the customer, or where shipped directly, on delivery to the customers premises.

Turnover in these financial statements is inclusive of applicable duty with a corresponding duty payable element being included within 'other external charges'.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

##### 2.9 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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## 2. Accounting policies (continued)

### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.11 Research and development

Expenditure on research and development is charged to the Statement of Income and Retained Earnings in the period in which it is incurred.

### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Leasehold property improvements	- Over 10 years straight line
Plant and machinery	- Over 10 years straight line
Motor vehicles	- Over 4 years straight line
Fixtures and fittings	- Over 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.15 Debtors

Short term debtors are measured at transaction price, less any impairment.

Where debts are invoice discounted, the gross amount of the debts is included within trade debtors, with the advances received from invoice discounting being shown as a liability.

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## **BROADLAND DRINKS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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#### **2. Accounting policies (continued)**

##### **2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.17 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.18 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

##### **2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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## 2. Accounting policies (continued)

### 2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

### 2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company accounting policies the directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates present in this entity include accounting for foreign exchange derivatives, stock provision, bad debt provision, depreciation and labour and overhead absorption rates.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities are outlined below:

*Stocks* - judgements are made in regards the absorption of overheads into stock and provisions. Stock is valued in line with accounting policy 2.14, and the carrying value of stock, and the impairment loss in the year, can be found in note 16.

#### 4. Turnover

The whole of the turnover is attributable to the principal activities of the Company.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	36,667,367	44,034,808
Rest of the world	1,792,938	3,310,908
	<u>38,460,305</u>	<u>47,345,716</u>

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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**5. Other operating income**

	<b>2023</b> £	<b>2022</b> £
Other operating income	-	13,642
	<u>-</u>	<u>13,642</u>

**6. Operating loss**

The operating loss is stated after charging:

	<b>2023</b> £	<b>2022</b> £
Exchange differences	7,114	110,802
Operating lease rentals	285,756	257,393
Depreciation of tangible fixed assets	503,169	524,505
Loss on disposal of tangible fixed assets	-	31,995
	<u>-</u>	<u>31,995</u>

**7. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors:

	<b>2023</b> £	<b>2022</b> £
Fees payable to the Company's auditors for the audit of the Company's financial statements	17,780	16,165
	<u>17,780</u>	<u>16,165</u>



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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	2023 £	2022 £
Wages and salaries	3,758,002	4,270,561
Social security costs	389,241	407,470
Cost of defined contribution scheme	293,606	287,471
	<u>4,440,849</u>	<u>4,965,502</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Manufacturing	63	75
Selling and distribution	32	34
Office and management	20	26
	<u>115</u>	<u>135</u>

**9. Directors' remuneration**

	2023 £	2022 £
Directors' emoluments	177,536	190,867
Company contributions to defined contribution pension schemes	11,784	11,285
	<u>189,320</u>	<u>202,152</u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

**10. Interest receivable**

	2023 £	2022 £
Other interest receivable	2,948	951

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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**11. Interest payable and similar expenses**

	2023 £	2022 £
Bank interest payable	33,080	25,600
Finance leases and hire purchase contracts	13,020	25,462
Other interest payable	67,376	68,449
	<u>113,476</u>	<u>119,511</u>

**12. Taxation**

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(211,304)
Adjustments in respect of previous periods	(12,248)	(32,385)
<b>Total current tax</b>	<u>(12,248)</u>	<u>(243,689)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(157,485)	1,214
<b>Total deferred tax</b>	<u>(157,485)</u>	<u>1,214</u>
<b>Taxation on loss on ordinary activities</b>	<u>(169,733)</u>	<u>(242,475)</u>

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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Loss on ordinary activities before tax	<u>(720,420)</u>	<u>(1,453,580)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(136,880)	(276,180)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,508	-
Adjustments to tax charge in respect of prior periods	(12,248)	(32,385)
Other differences leading to an increase (decrease) in the tax charge	(23,113)	(20,310)
Remeasurement of deferred tax for changes in tax rates	-	86,400
<b>Total tax charge for the year</b>	<u><b>(169,733)</b></u>	<u><b>(242,475)</b></u>

**Factors that may affect future tax charges**

The main rate of corporation tax increased from 19% to 25% on 1 April 2023.

**13. Dividends**

	2023 £	2022 £
Dividends on ordinary shares	-	756,694
	<u>-</u>	<u>756,694</u>

**BROADLAND DRINKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**14. Tangible fixed assets**

	<b>L'hoid property i'ments £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Fixtures and fittings £</b>	<b>Assets under const'tion £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 April 2022	257,871	9,942,188	43,825	922,290	27,072	11,193,246
Additions	-	4,463	-	78,521	267,447	350,431
Disposals	-	(50,267)	-	(147,987)	-	(198,254)
Transfers between classes	-	27,072	-	-	(27,072)	-
At 31 March 2023	257,871	9,923,456	43,825	852,824	267,447	11,345,423
<b>Depreciation</b>						
At 1 April 2022	199,747	7,593,809	37,525	830,625	-	8,661,706
Charge for the year on owned assets	15,389	442,928	4,725	40,127	-	503,169
Disposals	-	(50,267)	-	(147,987)	-	(198,254)
At 31 March 2023	215,136	7,986,470	42,250	722,765	-	8,966,621
<b>Net book value</b>						
At 31 March 2023	42,735	1,936,986	1,575	130,059	267,447	2,378,802
At 31 March 2022	58,124	2,348,379	6,300	91,665	27,072	2,531,540

Included within the net book value of tangible fixed assets is £1,024,873 (2022 - £1,234,524) relating to assets held under hire purchase agreements (see note 21). The depreciation charged to the financial statements in the year in respect of such assets amounts to £209,651 (2022 - £209,651).

## BROADLAND DRINKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 15. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost</b>			
At 1 April 2022	1	19,385	19,386
At 31 March 2023	1	19,385	19,386

Included in unlisted investments is the cost of 300,000 shares in Vin-Exchange Pty Ltd, a company incorporated in Australia. This level of investment (1.42% of issued share capital) does not constitute a significant interest and the directors do not consider that a fair value for this investment can be reliably determined.

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Broadland Wineries Inc.	1013 Centre Road, Suite 403S, Wilmington, DE 19805	Ordinary	100%
Broadland Drinks (Ireland) Limited	Joyce House, 21-23 Holles Street, Dublin 2, Republic of Ireland	Ordinary	100%

#### 16. Stocks

	2023 £	2022 £
Raw materials and consumables	1,648,027	1,305,374
Work in progress	388,907	372,552
Finished goods and goods for resale	4,515,859	3,492,020
	<u>6,552,793</u>	<u>5,169,946</u>

An impairment loss of £22,044 (2022 - £37,552) is recognised in the Statement of Income and Retained Earnings against stock due to slow-moving and obsolete stock.

## BROADLAND DRINKS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 17. Debtors

	2023 £	2022 £
Trade debtors	5,577,245	6,249,543
Amounts owed by group undertakings	36,450	1,463
Other debtors	316,431	112,973
Prepayments and accrued income	674,355	511,172
Tax recoverable	-	243,639
	<u>6,604,481</u>	<u>7,118,790</u>

The amount of invoice discounted debts (see note 19) outstanding at 31 March was £5,470,404 (2022 - £5,979,889).

A bad debt provision of £Nil (2022 - £5,181) is recognised against trade debtors.

#### 18. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>69,401</u>	<u>107,104</u>

#### 19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	2,119,774	1,415,836
Amounts owed to group undertakings	1	1
Other taxation and social security	1,199,675	807,702
Obligations under finance lease and hire purchase contracts	185,900	241,764
Proceeds of factored debts	846,933	500,983
Other creditors	69,357	55,318
Accruals and deferred income	979,153	930,833
Financial instruments	143,718	19,905
	<u>5,544,511</u>	<u>3,972,342</u>

Invoice discounting facility are secured by way of a fixed and floating charge over all assets of the Company.

Amounts due under hire purchase contracts are secured on the related fixed assets.

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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**20. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	-	185,900
	<u>-</u>	<u>185,900</u>

Amounts due under hire purchase contracts are secured on the related fixed assets.

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	189,968	254,785
Between 1-5 years	-	189,968
	<u>189,968</u>	<u>444,753</u>
Less: finance charges allocated to future periods	(4,068)	(17,098)
	<u>185,900</u>	<u>427,655</u>

Amounts due under hire purchase contracts are secured on the related fixed assets.

**22. Deferred taxation**

	2023 £
At beginning of year	(360,001)
Charged to profit or loss	157,485
At end of year	<u>(202,516)</u>

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**BROADLAND DRINKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

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**22. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(370,553)	(355,778)
Tax losses carried forward	201,839	-
Other short term timing differences	(33,802)	(4,223)
	<u>(202,516)</u>	<u>(360,001)</u>

**23. Share capital**

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
1,000 (2022 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

**24. Reserves**

**Profit and loss account**

This reserve records all current and prior year retained profits and losses.

**25. Contingent liabilities**

The Company has given an unlimited multilateral guarantee to the bank with accession between Broadland Drinks Limited and Arrhenius Holdings Limited.

There was also a guarantee in favour of HM Customs and Excise of £62,500 (2022 - £62,500).

**26. Capital commitments**

At 31 March 2023 the Company had capital commitments as follows:

	2023 £	2022 £
Contracted for but not provided in these financial statements	166,400	-
	<u>166,400</u>	<u>-</u>



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## BROADLAND DRINKS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £293,606 (2022 - £287,471). Contributions totalling £27,731 (2022 - £29,387) were payable to the fund at the reporting date and are included in creditors.

#### 28. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	247,352	245,024
Later than 1 year and not later than 5 years	743,966	883,162
Later than 5 years	8,968	82,372
	<u>1,000,286</u>	<u>1,210,558</u>

#### 29. Controlling party

The entire share capital of the Company is owned by Arrhenius Holdings Limited, a company incorporated in England. The consolidated financial statements of Arrhenius Holdings Limited are publicly available from Registrar of Companies at Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate controlling party is considered to be Mr J M Lansley by virtue of his controlling shareholding in Arrhenius Holdings Limited.